

## UNITED STATES DISTRICT COURT

for the

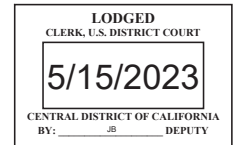
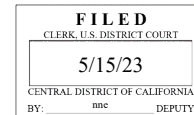
Central District of California

United States of America

v.

SAI ZHANG, aka "Tommy,"

Defendant

Case No.  
2:23-mj-02452 -DUTYCRIMINAL COMPLAINT BY TELEPHONE  
OR OTHER RELIABLE ELECTRONIC MEANS

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date of May 12, 2023, in the county of Los Angeles in the Central District of California, the defendant violated:

*Code Section*

18 U.S.C. § 1960

*Offense Description*Operating an Unlicensed Money  
Transmitting Business

This criminal complaint is based on these facts:

*Please see attached affidavit.*☒ Continued on the attached sheet.

/s/

*Complainant's signature*

STEVEN GONZALES, Task Force Officer

*Printed name and title*

Attested to by the applicant in accordance with the requirements of Fed. R. Crim. P. 4.1 by telephone.

Date: May 15, 2023

City and state: Los Angeles, California

*Judge's signature*

Hon. Maria A. Audero, U.S. Magistrate Judge

*Printed name and title*

**AFFIDAVIT**

I, Steven Gonzales, being duly sworn, declare and state as follows:

**I. INTRODUCTION**

1. I am a Task Force Officer ("TFO") with the Drug Enforcement Administration ("DEA") and have been so employed since September 2017. I have been a sworn police officer with the City of Glendora Police Department ("GPD") for approximately 13 years. I am currently assigned to the Southwest Border Initiative Group 2 ("SWB2") at the Los Angeles Field Division of the DEA. SWB2 is a multi-agency task force that investigates major drug trafficking organizations operating from Mexico and is comprised of special agents from the DEA and local law enforcement personnel designated as TFOs.

2. Throughout my career I have conducted numerous drug investigations, and I have become aware of many techniques used by drug traffickers. I have been the case agent and participating agent for investigations involving drug trafficking in Southern California. These investigations have focused on drug distribution, firearms violations, gang investigations, the laundering of drug proceeds and monetary instruments derived from drug activities, and conspiracies associated with drug offenses. I have debriefed defendants, informants, and witnesses who have personal knowledge regarding drug trafficking organizations. I have also participated in the execution of search and arrest warrants involving drug trafficking crimes.

3. Additionally, I have participated in drug investigations that included Title III wire interceptions and California state wiretap investigations of numerous individuals involved in the distribution, possession, and manufacture of controlled substances, such as cocaine, cocaine base, methamphetamine, and heroin. In conducting these investigations, I have used a variety of investigative techniques and resources, including but not limited to such techniques as surveillance, use of confidential sources, search warrants, telephone toll analysis, and wire intercept communications analysis.

4. Through my training, experience, and interaction with more experienced DEA Special Agents, TFOs, and other drug investigators, I have become familiar with the methods employed by drug traffickers, in particular, practices to smuggle, safeguard, transport, and distribute drugs, and to collect and launder drug-related proceeds. These methods include the use of wireless communications technology (such as cellular telephones) to both send text messages and to make voice calls, counter-surveillance, smuggling schemes tied to legitimate businesses, false or fictitious identities, and coded or encrypted communications, in an attempt to avoid detection by law enforcement and to circumvent drug investigations. I know that during the course of these wire and electronic communications, organization members routinely use coded references and/or encryption in an effort to elude law enforcement detection; and that drug traffickers often confine their illegal telephonic

communications to well-trusted organizational members and other high-level drug traffickers.

5. Based on my training and experience, I know that persons involved in the illicit distribution of controlled substances often attempt to conceal their identities, as well as the locations at which drug transactions take place. They are also known to have vehicles, properties, utilities, and other purchases under fictitious names and/or in the names of other individuals to conceal their criminal activities and financial transactions. I am aware that persons engaged in organized drug distribution and sales maintain contact with individuals from whom they receive and/or to whom they distribute drugs. I know that in order to do this effectively, these persons maintain continued access to telephone communication, including both voice and text.

## **II. PURPOSE OF AFFIDAVIT**

a. This affidavit is made in support of an application for a criminal complaint and arrest warrants for SAI ZHANG and PANYU ZHAO for violations of 18 U.S.C. § 1960: Unlicensed money remitting.

6. The facts set forth in this affidavit are based upon my personal observations, my training and experience, and information obtained from various law enforcement personnel and witnesses. This affidavit is intended to show merely that there is sufficient probable cause for the requested complaint and warrant and does not purport to set forth all of my knowledge of or investigation into this matter. Unless specifically

indicated otherwise, all conversations and statements described in this affidavit are related in substance and in part only.

### **III. LEGAL FRAMEWORK**

7. Unlicensed money remitting is prohibited by statute at 18 U.S.C. § 1960, which provides:

(a) Whoever knowingly conducts, controls, manages, supervises, directs, or owns all or part of an unlicensed money transmitting business, shall be fined in accordance with this title or imprisoned not more than 5 years, or both.

The statute includes the following:

(1) the term "unlicensed money transmitting business" means a money transmitting business which affects interstate or foreign commerce in any manner or degree and—

(A) is operated without an appropriate money transmitting license in a State where such operation is punishable as a misdemeanor or a felony under State law, whether or not the defendant knew that the operation was required to be licensed or that the operation was so punishable;

(B) fails to comply with the money transmitting business registration requirements under section 5330 of title 31, United States Code, or regulations prescribed under such section; or

(C) otherwise involves the transportation or transmission of funds that are known to the defendant to have been derived from a criminal offense or are intended to be used to promote or support unlawful activity;

(2) the term "money transmitting" includes transferring funds on behalf of the public by any and all means including but not limited to transfers within this country or to locations abroad by wire, check, draft, facsimile, or courier; . . .

8. In the scheme described below, the participants in the ZHANG MLO are believed to be engaged in unlicensed money remitting, in that they are transferring funds in the form of

United States currency, cashiers' checks, and wire transfers to customers in exchange for a fee as a percentage of the amount of the transfer.

9. Moreover, I am aware that members of the ZHANG MLO are utilizing United States currency that they collect from drug traffickers and individuals involved in other types of criminal activity, as explained below.

#### **IV. STATEMENT OF PROBABLE CAUSE**

##### **A. BACKGROUND**

10. In and around October 2019, Task Force Officers ("TFOs") with the Drug Enforcement Administration ("DEA") Southwest Border 2 ("SWB2") began investigating Sai Zhang ("Sai ZHANG") and Guangji Zhang ("G. Zhang"), who were suspected of overseeing a large money laundering organization ("ZHANG MLO") operating in the Central District of California. In furtherance of the money laundering scheme, Sai ZHANG and his associate, PANYU ZHAO ("ZHAO"), and others, appear to operate a money remitting business, as detailed below, that is not registered with United States Department of the Treasury, Financial Crimes Enforcement Network ("FinCEN"), in violation of 18 U.S.C. § 1960(a)(1)(B). In addition, I believe, based upon my training and experience, my knowledge of this investigation, and the evidence presented herein, that the money transmitting business uses funds derived from illegal activity, including drug trafficking, in violation of 18 U.S.C. § 1960(A)(1)(c).

11. Further, I am informed by investigator Charles Mullally that none of the individual members of the ZHANG MLO

named in this affidavit are licensed or registered as money services businesses with FinCEN, as required by the above statute.

12. Throughout this investigation, TFO's have identified numerous subjects, as well as private residences, apartments, businesses, and vehicles associated with or utilized by the ZHANG MLO to conduct their illegal operations. Based on my knowledge of this investigation, my conversations with other law enforcement officers, my review of relevant reports, and my personal observations, I have learned that members of the ZHANG MLO are using these locations for storing, counting, repackaging, and distributing the proceeds of various criminal activities.

**B. CAPITAL CONTROLS IMPOSED BY THE PEOPLE'S REPUBLIC OF CHINA FOSTER THE USE OF INFORMAL VALUE TRANSFER (UNLICENSED MONEY REMITTING)**

13. In an effort to stem the flow of investment out of China, Chinese authorities have attempted to limit the amount of money that Chinese citizens may take out of China each year. As of recently, transfers out of China were limited to \$50,000 per year and were sometimes reduced even below that by regulators.

14. Consequently, Chinese individuals seeking to invest their assets elsewhere, particularly in the United States and Europe, have begun to take advantage of the kinds of informal value transfer systems formerly associated with less developed countries or with ancient cultures, such as the informal value transfer system known as "hawala." In the Chinese context, the system works to facilitate the transfer of large amounts of

money in China to the United States by taking advantage of international trade.

15. For example, a Chinese business owner who wishes to purchase real estate in the United States as an investment, would run afoul of Chinese capital controls in trying to simply transfer the purchase price to the United States. Instead, the purchaser seeks a broker who can facilitate the purchase of dollars outside the conventional system. The broker finds sources of cash in the United States that may include illegal activity that generates large amounts of proceeds. Those proceeds must be returned to the owners, for example, the Mexico-based drug traffickers whose product was sold in the U.S. One way to move the proceeds to Mexico is for the drug trafficker to sell the U.S. dollars to the Chinese investor in exchange for the deposit of Chinese currency into an account in China that is owned by the Mexican drug cartel. The money in that account in China can legally be used to pay off legitimate debts to Chinese manufacturers who ship goods to Mexico. The goods are then sold, generating pesos representing the value of the drugs that were shipped to the United States and sold, generating the proceeds that are being sold to the Chinese investor. The following diagram, pulled from open-source information, illustrates the use of trade-based money laundering to transfer value from China to the United States:

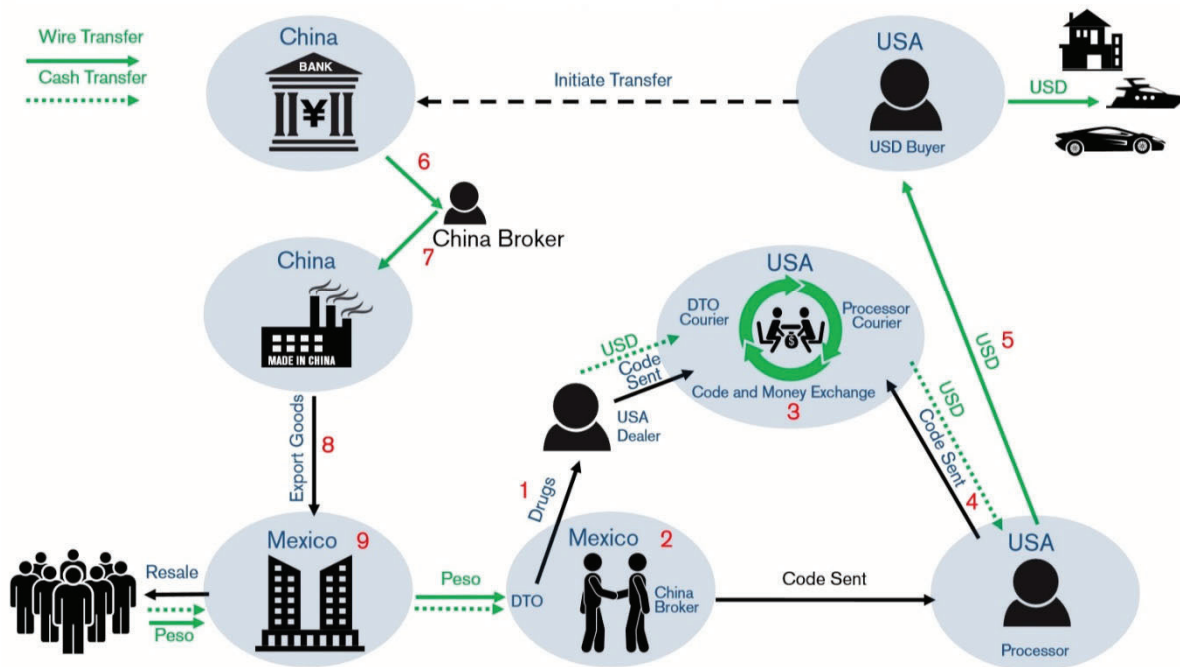
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## Money Broker Network



**C. SAI ZHANG, PANYU ZHAO, AND THEIR ASSOCIATES RUN AN UNLICENSED MONEY REMITTING BUSINESS THAT PROVIDES FUNDS TO CHINESE NATIONALS IN THE UNITED STATES**

16. Through extensive surveillance of the members of the ZHANG MLO, agents have been able to identify the locations being used as stash and safe houses. Specifically, agents believe that these locations are being used to collect, count, and re-package the United States currency that the MLO agrees to launder for drug traffickers. The funds collected in this way may be deposited in various bank accounts or used to purchase cashier's checks that are then deposited in bank accounts; or the funds may be used to supply customers of the unlicensed remitting business who have purchased dollars with Chinese RMB in China.

1. Identifying Money Stash Houses Used by ZHANG and ZHAO

a. *The Naomi Residence*

17. On September 4, 2020, SWB2 conducted surveillance at 9622 E. Naomi Avenue, Arcadia CA ("the Naomi residence"). The Naomi residence was previously identified as a ZHANG MLO stash house being managed by Panyu ZHAO ("ZHAO"). During the surveillance, SWB2 followed two subjects, Xuanyi Mu ("Mu") and Hang Su ("Su"), from the Naomi residence to a parking lot in the City of Arcadia, California, where they received a bag of narcotics proceeds. While at the parking lot, the first subject Mu parked a black Mercedes Benz. SWB2 watched as Su left the vehicle and met with a driver of an SUV and received an orange tote bag from the driver, who was later identified as Elizabeth Sevilla-Mendoza<sup>1</sup>, a known courier for narcotics and narcotics proceeds. After they took possession of the bag, Mu and Su left the lot. TFOs continued surveillance and ultimately directed the Arcadia Police Department ("APD") to conduct a traffic stop. During the traffic stop TFOs directed a K-9 search to be conducted of the Mercedes Benz. The K-9 alerted for the presence or odor of narcotics to the orange tote bag which was found to contain \$34,000 in narcotics proceeds wrapped in foil, with the stacks of cash bound by rubber bands. The bag was

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<sup>1</sup> Sevilla-Mendoza in 2007 was the passenger in a vehicle from which narcotics proceeds were seized. In 2009 during a separate investigation, she was identified as a narcotics courier driving loads from California to Washington. In 2012 she was identified as a narcotics and narcotics proceeds courier. In 2018 she was the driver of a vehicle from which \$118,090 of narcotics proceeds was seized after it was found within a hidden compartment.

seized from the vehicle after a positive alert from a drug detecting K-9. Within 48 hours of seizing narcotics proceeds from Sevilla-Mendoza, the ZHANG MLO abandoned the 9622 E. Naomi Avenue stash house, and agents were unable to identify a new stash house location at that time.

*b. The Bedford Residence*

18. On October 12, 2022, SWB2 TFOs received de-confliction emails regarding the 8888-telephone number from DEA Charlotte, North Carolina. During a subsequent call, Charlotte SAs told SWB2 that the user of the 8888-telephone number had communicated with "Mimi," an Asian female wiretap target who has not yet been fully identified, during a DEA Charlotte investigation. According to DEA Charlotte, wiretap interceptions on a North Carolina State wiretap revealed that Mimi is a Chinese national engaged in money laundering activity and is associated with the ZHANG MLO. DEA Charlotte further related that Mimi was coordinating the pick-up of around \$300,000 in narcotics proceeds and provided an address in San Gabriel, California and provided the following brief information from the call between Sai ZHANG (user of the 8888-telephone number) and Mimi: (a) Mimi addressed Sai ZHANG as "Mr. Zhang;" (b) Sai ZHANG provided Mimi with an address to a residence (18 Bedford Court, Arcadia, California) ("the Bedford Residence"); (c) Sai ZHANG also provided Mimi with the entrance code to the security gate (at the provided address) and told her to wait to be let in once she was parked.

19. Toll analysis of the 8888-telephone number confirmed what the DEA Charlotte agents had concluded from their wiretap. The toll analysis showed that DEA Charlotte target telephone number 626-500-9165, utilized by Mimi, called Sai ZHANG's 8888 number and that the call lasted approximately one minute and 31 seconds. Approximately three minutes and twenty-two seconds later, Sai ZHANG placed an outgoing telephone call to 805-990-2510 ("2510"), used by ZHAO. It is my belief, based upon my knowledge of this investigation, that Sai ZHANG was calling ZHAO to alert him that Mimi would be arriving shortly. Approximately 27 minutes later, Mimi called Sai ZHANG again (and received the gate code). According to DEA Charlotte, based on the North Carolina wiretap, they briefly described their vehicles to each other. The call was only 23 seconds long. Based upon my training and experience, and my knowledge of this investigation, it is my belief that Mimi was delivering narcotics proceeds to ZHAO and Sai ZHANG at the Bedford residence. Consequently, SWB2 investigators concluded that the Bedford residence was a new stash house location for the ZHANG MLO<sup>2</sup>.

*c. The Temple City Stash House*

20. TFOs with SWB2 and SAs with DEA Charlotte, concluded that Sai ZHANG was likely using Mimi as a source for narcotics proceeds. SWB2 assisted DEA Charlotte with ongoing surveillance

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<sup>2</sup> Several surveillance operations were conducted with no activity at the Bedford address. It is believed that the ZHANG MLO again moved locations to avoid law enforcement detection. SWB2 then discovered the 57 Wheeler Condominiums (the residence of ZHAO) ("Wheeler condominium"), and the Glendora Condominiums ("Glendora condominium"), being utilized by the ZHANG MLO as explained below.

on Mimi to determine if she received narcotics proceeds from drug trafficking organizations.

21. On October 18, 2022, SWB2 learned that, based on information from the DEA Charlotte wiretap, the ZHANG MLO was coordinating another money pick-up from Mimi. According to DEA Charlotte, wiretap information indicated the pickup was for approximately \$300,000 and was to take place at 6340 Rosemead Boulevard, San Gabriel, California.

22. On the same date at approximately 10:40 am, surveillance agents arrived at 6340 Rosemead Boulevard, San Gabriel, California and began conducting surveillance of the parking lot. At approximately 11:15 am, agents observed a Blue Maserati, bearing California license plate 9ATM453 ("Maserati") arrive in the parking lot. TFOs watched as an unknown Asian male ("UM-1") and an unknown Asian female ("UF-1") exited the Maserati and walked into a grocery store. While UM-1 and UF-1 were inside the grocery store a white Ram TRX, bearing California temporary license plate BW94Y37 ("Ram TRX"), being driven by an unknown Hispanic male ("UM-2"), arrived and parked in the parking lot, just south of the Maserati. UM-1 and UF-1 then exited the store and walked to the Maserati. UF-1 was texting on her phone. UM-1 entered the driver seat and UF-1 stood near the front passenger side door, which was open. Investigators were also able to see that UM-2, in the Ram TRX was also texting on his phone. UF-1 began to look around the parking lot. At this time, the Ram TRX drove up and parked next to the passenger side of the Maserati. UF-1 met with UM-2 by

the driver's side door of the Ram TRX. It appeared that UF-1 and UM-2 checked each others' phones, possibly checking U.S. currency serial numbers to ensure the drop-off was happening properly. After the brief exchange, UM-2 opened the rear driver's side door of the Ram TRX and retrieved a large black bag. UF-1 opened the rear passenger door of the Maserati, and UM-2 placed the large black bag into the Maserati. UM-2 then re-entered the Ram TRX and UF-1 re-entered the Maserati. Both parties left the location and surveillance followed the Maserati while SGPD followed the Ram TRX.

23. Surveillance followed the Maserati to 6214 Encinita Avenue, Temple City, California, ("Encinita residence") where the Maserati parked in the driveway in front of the front door, which had an "A," affixed to it, delineating it as Apartment A. UF-1 exited the Maserati and went inside the Encinita residence while an unknown male retrieved the black bag from the rear seat of the Maserati and took it into the Encinita residence.

24. Later that day, an Asian male left the Encinita residence and met with two Asian females in a vehicle and passed them a bag. A subsequent traffic stop of the two Asian females revealed that the bag contained approximately \$25,000 in United States currency.

*d. The Benbow Street Stash House*

25. Surveillance agents at the Temple City house observed a male arrive in a white BMW and receive a white bag from the female courier previously seen arriving at the location with a

male coconspirator. The white BMW was registered to Ally My Yeh, 14118 Benbow Street, Baldwin Park, California.

26. Surveillance then commenced on the Benbow Street residence where a second unknown male, later identified as Ming Chen, was seen coming out of the residence carrying a plastic bag with a squared-off bottom and entering a Toyota Camry. The Toyota Camry was ultimately stopped and searched after a positive identification from a drug dog, revealing the plastic bag containing stacks of cash totaling approximately \$30,000. Investigators then obtained a search warrant for the Benbow Street house, which resulted in the seizure of approximately \$83,245. During the search of the Benbow Street house, investigators also recovered both a Mexico driver's license and a Washington State driver's license, each in the name of Wen Jing Chen, who was believed to be the same person who was earlier operating the white BMW, based upon the identification photographs.

## 2. Identifying the Funds as Drug Proceeds

27. Meanwhile, that same day, SGPD continued surveillance on the Ram TRX that had earlier delivered \$300,000 to the male and female couriers, and followed it to a parking lot in Compton, California where it parked next to a silver sedan. The two occupants of the Ram TRX got out of the truck, reached inside the trunk of the silver sedan and took two cardboard boxes and two black bags, which they placed into the bed of the truck and the rear seat of the cab, respectively. After leaving the parking lot, surveillance investigators followed the Ram TRX

to a different parking lot where they stopped the vehicle. A Culver City canine alerted to the Ram TRX tailgate and rear doors. The subsequent search resulted in the seizure of approximately 50 kilograms of cocaine. The driver of the silver sedan, who had delivered the cocaine to the occupants of the Ram TRX, was followed on surveillance, enabling investigators to identify a stash house in Rowland Heights. On December 15, 2022, investigators stopped a vehicle that left the Rowland Heights stash house and recovered approximately \$500,000. A roll-back warrant on the stash house yielded another approximately \$86,000.

**D. CONTINUED SURVEILLANCE AT THE STASH LOCATIONS  
DEMONSTRATES ONGOING MONEY REMITTING**

28. On January 25, 2023, SWB2 conducted surveillance at the Wheeler condominium (ZHAO residence), and at approximately 7:10 p.m., a white Ram truck bearing California license plate number 37342K3, registered to Sai ZHANG at 656 W. Huntington Drive unit F1, Arcadia, California (believed to be Sai ZHANG's residence), left the location, and was followed by the surveillance team to 119 Susan Way, Monterey Park, California 91755, believed to be the residence of Chengwu He (the "Susan Way residence")<sup>3</sup>. At approximately 7:47 p.m., a white Range Rover bearing California license plate number YJY7777 ("white

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<sup>3</sup> In early 2020, He (who lives at the Susan residence) was followed to the Bicycle Casino in the city of Bell Gardens, where he (He) was observed briefly meeting with another unknown subject and conducted what appeared to be a money drop. Later in the evening, He was again followed from the business. A traffic stop was conducted by Monterey Park Police who subsequently seized \$55,286 in US currency from He after a positive alert to the money from a narcotics K-9.



Range Rover"), arrived and parked in front of the Susan Way residence. The surveillance team was unable to observe the driver of the white Ranger Rover at the time. At approximately 9:13 p.m., Sai ZHANG arrived in a cement gray Mercedes Benz G63, bearing California temporary license plate #CK56Z02 (ordinarily driven by his wife), and parked in front of the Susan Way residence. Sai ZHANG quickly walked straight to the front door and entered without knocking. At approximately 9:14 p.m., Sai ZHANG and an unidentified Asian male, early thirties, wearing a gray sweat suit exited the front of the residence together. The unidentified Asian male retrieved a black plastic bag containing a rectangular shaped object from the trunk of a black Mercedes Benz GT, bearing California license plate #8WPG833, and handed the bag to Sai ZHANG. Sai ZHANG placed the bag into the driver's side rear seat of his cement gray Mercedes Benz G63 and they both went back into the residence. At approximately 11:20 p.m., Sai ZHANG left the location alone in his cement gray Mercedes Benz G63. At approximately 11:27 p.m., several occupants exited the Susan Way residence and entered various vehicles parked in front, including a black Mercedes Benz S580, bearing California license plate number 8YCK708 ("black Mercedes S580"). A subsequent traffic stop of the S580 (which had no front license plate), revealed that the occupants of the vehicle were Panyu ZHAO, Su, and a third co-conspirator.

29. On March 1, 2023, at approximately 4:57 p.m., SWB2 conducted surveillance on the Wheeler condominium and observed ZHAO leave in the black Mercedes S580 and park just outside the

front door of 930 Fairview Ave, #10, Arcadia, CA 91007, where he had previously been seen on January 10, 2023. ZHAO exited the black Mercedes S580 and stood by the trunk while working on his phone. After about one minute, ZHAO walked toward the front door of apartment #10, which was just out of the line of sight. Shortly thereafter, ZHAO emerged with his left hand in his front jacket pocket. Based upon my experience with this case, and after discussing this with the surveillance agents, we concluded that it appeared ZHAO was holding something in his pocket due to the way he was manipulating it as he walked to the driver's door of the black Mercedes S580. I therefore believe that ZHAO likely had picked up bulk United States currency to transport to Sai ZHANG.

30. At approximately 8:05 p.m., on the same day, ZHAO was followed in the black Mercedes S580 to 1309 Stevens Avenue, San Gabriel, California 91776 ("Stevens apartments")<sup>4</sup>, where he parked in front. ZHAO remained in his vehicle for several minutes. At about 8:31 p.m., surveillance observed ZHAO exit the black Mercedes S580 and walk into the Stevens apartment

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<sup>4</sup> This location, 1309 Stevens Avenue, is a three-building apartment complex. The occupant of Unit A is Wendy LiWen Xu, who was previously identified as a money launderer in two other DEA investigations during 2020 and 2021. Moreover, DEA North Carolina identified Xu's phone, 626-250-8888 as being in contact with their target Mimi. Although we were not able to connect this number to the numbers we have currently identified as belonging to the ZHANG MLO, I believe that it is likely ZHAO was picking up from Xu at the Stevens Avenue complex. I further believe, based upon my knowledge of the communications methods used by the ZHANG MLO, that Xu is most likely communicating with the ZHANG MLO via WeChat, so that law enforcement will not have access. However, we have not yet been able to confirm Xu's involvement.

complex by himself. After approximately six minutes, ZHAO returned to the vehicle carrying a red, medium-sized weighted tote bag, with white lettering on it, and was followed away. At approximately 9:36 p.m., ZHAO arrived at 110 Interstellar, Irvine, CA 92618 ("Interstellar residence"), parked across the street, and entered the Interstellar residence carrying the same red tote bag with white lettering that he was seen carrying away from the Stevens apartments. ZHAO was in the Interstellar residence for approximately five minutes before leaving empty-handed and was followed away. I believe, based upon my training and experience, my knowledge of this investigation, and conversations with agents experienced in money laundering techniques, that ZHAO had just picked up and made a delivery of United States currency that was the proceeds of illicit activity.

31. After making another brief stop (approximately three minutes), at an apparent residence complex in Pomona, surveillance saw ZHAO standing in front of the black Mercedes S580 but was unable to maintain line of sight of ZHAO. However, surveillance observed the black Mercedes S580 leaving the Pomona apartment complex approximately three minutes later. ZHAO drove to 138 Glendora Avenue #9, La Puente, CA 91744 (the "Glendora condominium") and, at approximately 10:51 p.m., parked on the street nearest the southwest portion of the condominium complex. Surveillance observed ZHAO walk to the southern-most pedestrian gate and observed as he was let in by an unknown person. ZHAO was carrying a white package the approximate size of a

rectangular tissue box in his left hand. ZHAO was last seen walking east behind the southern-most condominium. A few minutes later surveillance saw the white Range Rover leave the Glendora condominium and followed it to the Susan Way residence. However, surveillance was unable to see who walked into the Susan Way residence<sup>5</sup>. Surveillance returned to the Glendora condominium and found the black Mercedes S580 had also left the location.

32. On March 15, 2023, at approximately 5:45 p.m., surveillance detectives saw a white Honda Accord bearing California license plate number 9BHR773 ("white Honda Accord"), occupied by Mu and Su, drive away from the Susan Way residence. The surveillance team followed. The white Honda Accord arrived at the Huntington residence (believed to be the residence of Sai ZHANG), and left again approximately 30 seconds later, being driven by SU. GPD followed the white Honda Accord while SWB2 remained at Sai ZHANG's Huntington residence apartment complex. Surveillance agents saw a white Cadillac Escalade (8PWM658) being driven by an unknown Asian male exit the Huntington residence apartment complex. At approximately 7:50 p.m., the Cadillac Escalade arrived at 2029 Tracy Lane, Alhambra, California 91803. Surveillance saw the Asian male driver, wearing a black jacket and black pants, exit the Cadillac Escalade and enter the open garage, located to the rear of the residence, from a common driveway. At approximately 7:52 p.m.,

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<sup>5</sup> Both Mu and Su have been seen driving the white Range Rover.

GPD surveillance advised that the white Honda Accord was also arriving at the townhome complex at 2029 Tracy Lane, Alhambra, California. The white Honda Accord parked behind the Cadillac Escalade momentarily, in the common driveway. Mu exited through the garage<sup>6</sup>, while carrying a small white envelope, and entered the front passenger seat of the Honda Accord, which then drove away. GPD followed the white Honda Accord back to the Susan Way Residence. At approximately 8:49 p.m., GPD Detectives saw a black Range Rover, bearing license plate number 9DRV799 ("black Range Rover"), drive away from the Susan Way residence. The Fullerton Police Department ("FPD") surveillance team followed while GPD remained at the Susan Way residence. The black Range Rover arrived at 2577 South Mountain Avenue, Duarte, California 91010 ("Mountain residence"). A few minutes later, agents saw the black Mercedes S580 driving away from the Mountain residence and surveillance followed the black Mercedes S580 back to ZHAO's Wheeler condominium. At approximately 9:14 p.m. a white Toyota Prius arrived at the Susan residence, and a person who was standing in front of the residence approached the driver's door and handed the driver a small unknown item. The Prius drove away, and out of sight<sup>7</sup>. At approximately 9:38 p.m.,

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<sup>6</sup> I believe, based upon these circumstances, that Mu had entered the Cadillac Escalade while it was at the Huntington residence apartment complex, and went with the driver to 2029 Tracy Lane in Alhambra.

<sup>7</sup> Based upon my training and experience, and my knowledge of this investigation, including witnessing many similar occurrences, I believe that this event was likely just a purchaser of U.S. currency picking up that currency from the MLO in front of the Susan Way residence.

surveillance detectives saw the white Honda Accord drive away from the Susan Way residence driven by Su, with an unknown Asian male passenger. The white Honda Accord ultimately arrived at the Susan Way residence and parked next to the black Mercedes S580. Surveillance was then terminated.

33. On March 17, 2023, surveillance agents at the Mountain residence observed the black Mercedes S580 arrive at the location. Two unknown Asian males walked out of the Mountain residence towards the vehicle. One of the unidentified Asian males wearing a gray sweatshirt and dark colored pants had what appeared to be a leather zip up bank bag. The unidentified Asian male with the zip up bank bag opened the passenger door of the black Mercedes S580 and gave the bank bag to ZHAO, who was driving<sup>8</sup>. The vehicle was not followed at this time due to limited personnel.

34. On March 21, 2023, at approximately 9:09 p.m., surveillance saw the white Honda Accord arrive and stop next to the open garage of Sai ZHANG's condominium on Huntington. Due to the nighttime hours and the Honda Accord headlights facing the surveillance vehicle, it was not possible to see if anyone got in or out of the passenger side of the white Honda Accord. At approximately 9:12 p.m., the white Honda Accord left the location and SWB2 followed. SWB2 followed the vehicle to 330 S. San Gabriel Boulevard where the driver parked alongside the

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<sup>8</sup> Based upon my training and experience, and my knowledge of this investigation, I believe that this was an incident during which ZHAO was picking up funds that the MLO had agreed to launder, and that could be used to supply customers with U.S. currency.

curb. Surveillance saw Su exit the Honda Accord with a white envelope in hand, walk to the rear of 330 S. San Gabriel, and disappear from the line of sight. Su returned to the white Honda Accord with the same envelope in hand and left the location. SWB2 then followed the white Honda Accord to the 2600 block of Saleroso Drive, Rowland Heights, California where surveillance again lost the line of sight. At approximately 11:35 p.m., the white Honda Accord was seen leaving the 2600 block and surveillance followed, ultimately terminating after it arrived at the Glendora condominium.

35. On March 23, 2023, at approximately 7:44 p.m., SWB2 arrived at the Wheeler condominium and saw ZHAO exiting the south driveway of the location, driving the black Mercedes S580. It appeared that ZHAO was the sole occupant. Surveillance followed ZHAO, and, at approximately 8:08 p.m., ZHAO arrived at the Stevens apartments, and parked on the west side of the street, in front of the two-structure apartment complex. Surveillance observed ZHAO walk into the apartment complex. At about 8:26 p.m., surveillance saw ZHAO walking alone from the northern-most walkway of the Stevens apartments with a weighted white plastic grocery-sized bag in hand. ZHAO opened his trunk and placed the white bag inside. It appeared that ZHAO was concealing the white bag in his trunk by lifting other items around and placing them on top of the area where he placed the white bag. At about 8:31 p.m., ZHAO departed the location and was followed. At about 8:37 p.m. in front of 156 S. San Gabriel Boulevard, a traffic stop was conducted on the black Mercedes

S580, which was missing a front license plate in violation of 5200(A) of the California Vehicle Code. ZHAO was advised to exit his vehicle, and a South Gate canine officer and his K9 partner responded to the scene of the traffic stop in order to assist with the investigation. K9 Bentley conducted a sniff search of the exterior of the black Mercedes S580 and alerted to the scent of narcotics near the trunk. The vehicle was searched by SGPD Officers and a brown bag containing several stacks of U.S. Currency bound by rubber bands was recovered from the trunk and retained for asset forfeiture proceedings. An official count later revealed that the currency total was \$111,430. I believe, based upon my training and experience and my knowledge of this investigation that ZHAO attempted to hide the U.S. currency by moving it from the white bag into the brown bag inside the trunk of the black Mercedes S580.

36. On April 4, 2023, the Honorable Alicia G. Rosenberg, a United States Magistrate Judge for the Central District of California issued an order authorizing the installation and monitoring of a GPS tracking device for the following vehicles:

- A black Range Rover bearing California license plate 9DRV799 (2:23-MJ-01588)
- A white Honda Accord bearing California license plate 9BHR773 (2:23-MJ-01590)
- A white Range Rover bearing California license plate YJY7777 (2:23-MJ-01585)
- A black Mercedes S580 bearing California license plate 8YCK708 (2:23-MJ-01582)



- A white Ram 1500 bearing California license plate 37342K3 (2:23-MJ-01581)

37. On April 7, 2023, at approximately 12:30 p.m., agents were conducting surveillance on the white Range Rover near the Bank of America located at 339 No. Yale Avenue, Claremont, California, and the Chase bank branch at 400 N. Indian Hill Boulevard, Claremont, California. At approximately 12:31 p.m. a male Asian later identified as Jiayong Yu was seen entering the Bank of America branch. Agents recognized Yu as one of the individuals whose name and date of birth had been provided by HSI because he crossed from Mexico into the United States with members of the ZHANG MLO. Based upon this information, agents obtained Yu's California driver's license and were able to identify him from the photograph.

38. On April 10, 2023, at around 5:00 p.m., SWB2 conducted surveillance at the Tracy Lane residence in an attempt to install the GPS tracker on the black Range Rover. At approximately 6:05 p.m. the black Range Rover arrived at the Tracy Lane residence and parked in the visitor spaces in the south portion of the property near the park or playground area and tracker was placed on the vehicle a short time later. At around 9:10 p.m., the GPS indicated that the black Range Rover had moved from Tracy Lane residence. SWB2, assisted by the GPS locates, found the black Range Rover parked in front of ZHAO's Wheeler condominium with its lights on and a male Asian (later identified as Xiaolei Ye) was pacing back and forth, on the north sidewalk next to the black Range Rover, while

simultaneously on the telephone. Ye stood below the south balcony of the Wheeler condominium until a white grocery bag was dropped down to Ye from a location that appeared to be consistent with where ZHAO's apartment is located, although ZHAO was not seen. Ye caught the bag with both hands, returned to the black Range Rover, and left the location. SWB2 followed the black Range Rover to 252 West Wistaria Ave, Arcadia, California, where the black Range Rover parked across the street from the residence. Surveillance observed an unknown male Asian leave 252 Wistaria Avenue carrying a yellow plastic bag, approach the driver's door of the black Range Rover, give the yellow plastic bag to Ye through the driver's window, and run back to the Wistaria Ave residence. Ye then left the location. At approximately 10:30 p.m., the black Range Rover arrived at 9527 Langdon Ave, North Hills, California. Surveillance observed a very tall Asian male, wearing rimmed glasses, black shirt, black shorts and sandals, standing by the passenger side of the black Range Rover and then saw him walk away holding two bags from the front passenger side of the black Range Rover and into the front pedestrian-gate at 9527 Langdon Ave. Ye departed in the black Range Rover. SWB2 surveillance agents remained at the Langdon residence believing Ye had just dropped off suspected narcotics proceeds to a buyer of U.S. currency. At approximately 12:00 a.m., believing that the two bags were not going to be leaving the Langdon Ave residence, SWB2 conducted a door-knock in an attempt to interview the recipient of the two bags. Gaynell Wigington, who stated she was the homeowner's mother, answered

the door and identified the tall Asian male seen earlier as a visitor named "Howie." Mrs. Wigington related "Howie" was in the rear property and agreed to accompany agents to where Howie was staying. Upon entering, agents noticed two grocery bags, further described as a white plastic grocery bag and a yellow plastic grocery bag, protruding from underneath the bed frame that appeared to contain stacks of U.S. currency. Howie gave permission to the surveillance agents to inspect the bags and said that he had taken them from the black Range Rover. Howie initially said that the two bags contained his money, but then said that the bags did not belong to him, but rather to his sister's boyfriend who had asked Howie to hold them.

39. A Downey canine officer and his K9 partner, Holtz, arrived and conducted a sniff search of currency. During the search, Holtz alerted to the presence of odor of narcotics on the currency. Therefore, agents took the currency into custody, secured it in a DEA self-sealing evidence envelope, and ultimately booked it as evidence at the Glendora Police Department. An official count later revealed that the seized currency total was \$60,000<sup>9</sup>.

40. Per GPS vehicle tracking device data, the white Honda Accord travelled to San Francisco on April 13, 2023, and April

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<sup>9</sup> Based upon my training and experience, and my knowledge of this investigation, I believe that Howie was a customer of the ZHANG MLO who had purchased United States currency with Chinese RMB in China and taken delivery of that currency in Los Angeles. I further believe that the currency consisted of the proceeds of unlawful activity that had been delivered to him by Ye, who had obtained the funds from ZHAO at the Wheeler condominium earlier in the day as described above.

15, 2023, each time spending less than an hour there before stopping briefly in the City of Fremont, and ultimately returning to the San Gabriel Valley. On the early morning of April 16, 2023, San Gabriel PD Officers conducted a traffic stop on the Honda Accord and identified Zihao Luo as the driver and sole occupant.

41. On April 18, 2023, at approximately 9:17 a.m., SWB2 TFO Gonzales noticed that the Honda Accord with an attached global positioning system tracking device was moving and arrived at ZHAO's Wheeler condominium. At about 9:48 a.m., the Honda Accord appeared to be heading westbound on the 210 freeway from the City of Arcadia, suspected of heading toward San Francisco<sup>10</sup>. SWB2 began travelling toward the Honda Accord in order to maintain surveillance on it. While enroute, GPD officers responded to the Wheeler condominium in order to review surveillance footage of who and what was placed in the Honda Accord prior to departing. Surveillance footage depicted the Honda Accord parked on the first level guest stalls of the parking structure. In addition, Su was seen entering the front passenger seat with a black backpack on. At about 11:00 a.m., the surveillance team located the Honda Accord travelling northbound on the I5 freeway, near the City of Gorman. At about 6:28 p.m., the Honda Accord parked in front of 44 Carr Street,

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<sup>10</sup> Per GPS vehicle tracking device data, the Honda Accord travelled to San Francisco on April 13, 2023, and April 15, 2023, each time spending less than an hour there before stopping briefly in the City of Fremont, and ultimately returning to the San Gabriel Valley. On the early morning of April 16, 2023, San Gabriel PD Officers conducted a traffic stop on the Honda Accord and identified Zihao Luo as the driver and sole occupant

San Francisco, California, 94124. An unknown female (UF-1) Asian wearing a blue long sleeve sweater and blue sweatpants exited the front door, located on the first level of the two-story residence. While maintaining surveillance from across the street SWB2 TFO's saw Luo, who was the driver, open his door and remain sitting in the front passenger seat. UF-1 appeared to speak briefly to Luo from her door then approached. UF-1 stood beside Luo at the front passenger side of the vehicle and appeared to be showing Luo her phone, as he did the same. It appeared that Luo and UF-1 were verifying each other with a specific image. TFO's photographed UF-1 and the residence she came from. The images were uploaded to the case file. After about five minutes, UF-1 returned to her residence. Luo and Su were followed away in the Honda Accord. At about 6:55 p.m., the Honda Accord arrived in China Town and parked on Washington Street, just east of Stone Street. An unknown female (UF-2) Asian walked from the north side of the street and entered the rear passenger seat of the Honda Accord with a weighted white plastic grocery-type bag in her hand. After about three minutes, UF-2 exited the vehicle without anything in her hands and walked back north across Washington Street, toward Stone Street. TFO's Fierro followed UF-2 on foot, saw her enter the front door of 45 Stone Street, and photographed the door UF-2 entered. They further observed Luo exit the front passenger seat with a white plastic grocery-type bag in hand and place it in the trunk. Luo got back into the front passenger seat. Luo and Su were followed away in the Honda Accord. At about 8:55

p.m., the Honda Accord parked to the front 36412 Sea Breeze Common, Fremont, California 94536. TFO Fierro saw Luo walk into the center common walkway between 36411 and 36412 Sea Breeze Common. Luo returned to the vehicle approximately 15 minutes after entering and was seen carrying a white envelope back to the Honda Accord. The Honda Accord was followed away.

42. At about 2:30 a.m. on April 19, 2023, the Honda Accord arrived back at the Wheeler condominium and parked in the underground parking garage. Su was seen walking by himself on the second floor with a black backpack on. Moments later, Luo left the Wheeler condominium in the Honda Accord and was not followed.

43. Vehicle tracker data showed the white Range Rover parked in the lot of the Chase bank branch located at 17314 Pioneer Boulevard, in the City of Artesia several times in previous weeks after the vehicle tracker was installed. On April 27, 2023, at about 9:15 a.m., SWB2 TFO's established surveillance on the white Range Rover, which was again at the Pioneer Boulevard Chase bank branch. At about 9:21 a.m., Yu exited the driver's seat of the white Range Rover and appeared to lock it with the fob key due to the lights flashing, indicating there was nobody left in the vehicle. Yu was wearing a black leather backpack. Yu walked to the Automated Teller Machine (ATM) on the outside of the Chase branch and appeared to deposit a possible check. After making an ATM deposit, Yu walked into the branch and was followed in by a SWB2 TFO. Yu contacted a female Hispanic teller wearing a black surgical mask

and gray shirt, at the customer service counter. Yu removed his backpack, retrieved several stacks of United States currency which were bound by rubber bands and handed the currency stacks to the teller. The teller proceeded to count the currency with a bill counter machine for several minutes. Yu subsequently left the Chase branch with a white envelope in hand and entered the white Range Rover. Yu left the location and was not followed. Per vehicle tracker data, after leaving the Artesia Chase bank, Yu entered the eastbound 91 freeway travelling directly to the immediate area of another Chase bank branch located at 400 N. Indian Hill Boulevard, in the City of Claremont, California. There is also a Bank of America branch located at 339 N. Yale Avenue, which is directly across the street from the Chase branch.

44. After Yu departed the Chase branch in Artesia, agents went inside the branch and contacted the female teller who assisted Yu. The teller confirmed that Yu deposited cash and stated that he comes in often in order to make deposits. The teller was asked if the amount Yu deposited was more than \$10,000, at which time she responded by advising that it was more like \$100,000.

45. On May 4, 2023, at about 7:30 a.m., DEA SWB2 TFO's and SGPD arrived at the Susan Way residence, in order to initiate surveillance on Yu and/or his associates. SWB2 was anticipating that Yu would follow the same pattern of picking up suspected narcotic proceeds and depositing the money in a bank. Based on past surveillance operations, Yu was known to drive the white

Range Rover, which was one of the vehicles that had an active court-ordered GPS tracking device. The white Range Rover was parked in the driveway of the Susan Way residence. At about 8:05 a.m., surveillance saw Yu leaving by himself in the white Range Rover and followed the vehicle to 1203 S. 1st Avenue, in the City of Arcadia (1st Avenue residence), where Yu parked in the driveway for approximately four minutes. The front door to the 1st Avenue residence was left open after Yu arrived, indicating that he may have entered. Direct visual contact of the front door was lost. However, the white Range Rover was subsequently followed away. At about 9:38 a.m., Yu exited the front door of the Susan Way residence carrying a weighted gray backpack, which he placed in the cabin of a white 2022 Mercedes C300 bearing California license plate number 9CFS780. Yu went back inside the Susan Way residence and came back out a short time later with a male Asian, later identified as Shuo Yang and both subjects were carrying backpacks. Yang entered the driver's seat of the white Mercedes C300, Yu entered the front passenger seat, they departed, and were followed away. At about 10:13 a.m., the white Mercedes C300 arrived at the parking lot of a Chase bank branch located at 2086 Foothill Boulevard, Unit B, in the City of La Verne. The white Mercedes C300 parked out of view from the Chase branch, on the northeast portion of the parking lot, approximately 80 yards away, with numerous empty stalls between the branch and parking location. Yang parked in a similar manner and distance from the Chase branch as Yu did when he made a large deposit at the Artesia branch the previous



Thursday. Yu exited the white Mercedes C300 carrying a black backpack and walked toward the branch. South Gate Police were waiting for Yu near the front of the branch and detained him without incident. Detectives gained consent from Yu to look in his backpack which contained several bundles of US currency, bound with rubber bands and/or currency straps. A canine officer with his K9 partner Otis conducted a sniff search of the currency. K9 Otis alerted to the scent of narcotics on the currency. Yu signed a currency disclaimer form and the currency was seized as evidence. Although pending an official count, Yu stated the currency he had totaled \$100,000. As Yu was being detained, Yang immediately left the parking lot onto Foothill Boulevard in the black Mercedes C300. A traffic stop was initiated on Yang for violation of California Vehicle Code 26710(a)(1) - front tinted windows, as well as for further investigation relating to Yu. Yang was having trouble communicating in English so agents contacted DEA Intelligence Research Specialist Xiangni Taylor (IRS Taylor) via mobile phone in order to assist the investigation with English-Mandarin translation. IRS Taylor spoke to Yang via speakerphone, at which time Yang gave verbal consent for SWB2 to search his vehicle and the contents within. Agents located a gray and lime green backpack on the rear driver's side seat inside of which was a black plastic bag containing several bundles of US currency inside, bound by rubber bands and/or currency straps. Det. Mendez and K9 Otis responded to conduct a sniff search of the currency. K9 Otis alerted to the scent of narcotics on the

currency. Yang ultimately signed a currency disclaimer form and the currency was seized as evidence. At this time, the currency seized from Yang is pending an official count but Yang stated the currency he had also totaled \$100,000.

46. On May 9, 2023, the GPS tracking device for the white Honda Accord indicated that it was traveling to San Antonio, Texas. The white Honda Accord appeared to stop only for gas and food along the way and arrived in San Antonio at about 6:30 a.m. where it exited the 10 freeway and traveled to area of 5844 Rock Point Drive, San Antonio. This is the address for a business called Alamo Biologics. The Honda Accord only stayed in San Antonio for less than an hour before entering back onto the 10 freeway traveling westbound back towards California. On May 10, 2023, FPD, DPD and SWB2 conducted surveillance on the white Honda Accord as it travelled back to California. SWB2 believed the white Honda Accord most likely received bulk narcotics proceeds and contacted the Beaumont Police Department to conduct a traffic stop of the Honda Accord. At 1:00 a.m., FPD, DPD and SWB2 established surveillance of the Honda Accord as it entered the city of Indio. Surveillance followed the white Honda Accord westbound on the 10 freeway where two Beaumont K-9 units initiated a traffic on the white Honda Accord in the city of Beaumont. The driver was identified as Su and the passenger was identified as Yang. During a pat down search of Su, BPD located approximately \$100,000 concealed inside the jacket of Su. Su told BPD that he was directed by an unknown subject to pick up the bulk currency in Arizona. Su further stated the money was

his and it was proceeds of a high-end car rental business. BPD observed 10 stacks of \$10,000 that were bound in United Texas Credit Union money bands. BPD asked if the money was from Texas and not from Arizona but Su denied the bulk currency was from Texas and said he picked it up in Arizona<sup>11</sup>. The bulk currency was seized BPD and Su and Yang were released from the scene. The proceeds seized were transferred from BPD to DPD. DPD booked the bulk U.S. currency into evidence, pending an official count. The tracking device indicated that the white Honda Accord arrived at the Wheeler condominium shortly thereafter.

47. On May 11, 2023, I was monitoring the white Range Rover tracking device and saw that it had left the Susan Way residence and was driving in the direction of the Artesia Chase Bank branch where the ZHANG MLO members routinely deposit U.S. currency. DPD established surveillance of the white Range Rover parked in the Chase bank parking lot. DPD observed Su carrying a brown satchel walking towards the Chase Bank ATM. Su met with Yu and Su gave Yu the brown satchel. DPD detectives were standing near Yu as he approached the ATM and saw Yu take an ATM card out of the satchel and place it into the ATM. DPD could also see stacks of what appeared to be U.S. currency inside the satchel. DPD detained both Yu and Su and gained consent to search the satchel. Inside the satchel DPD located a forged Chinese Passport and bank cards in the name of Haoran Feng. The

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<sup>11</sup> SWB2 TFO's followed the Honda Accord from California to Tucson, Arizona where surveillance was discontinued. I continued to monitor the GPS tracking device and did not observe the Honda Accord stop anywhere but gas stations until it reached San Antonio, Texas.

forged Chinese passport had Yu's picture on the passport. Both Yu and Su were arrested and taken to the Downey Police Department. At the Downey Police Department, a Miranda interview was conducted where Su said he understood his rights and agreed to talk to investigators. Su stated that he has known Yu for approximately four months and he (Su) was told to meet Yu at the Chase Bank. DPD investigators asked questions regarding the money however, Su refused to give any information regarding the money. Yu and Su were later released pending further investigation<sup>12</sup>.

#### **E. ARREST OF ZHANG AND POST-ARREST STATEMENTS**

48. On May 12, 2023, agents were monitoring the GPS tracker for the white Honda Accord and observed the vehicle moved from the Wheeler condominium where it was parked to ZHANG's residence at the Huntington condominium. Subsequently, the white Honda Accord traveled from the Huntington condominium to 2024 Brighton, in San Gabriel. The driver left the vehicle empty-handed and went inside. Shortly thereafter, a male Asian, later identified as Sai ZHANG, came out of the Brighton location carrying a weighted white plastic shopping bag. Sai ZHANG walked directly to a white Toyota Camry (CA 9CSS007), that was parked in front of the white Honda Accord, opened the passenger side front door of the Camry, and placed the white plastic bag inside, appearing to manipulate something as though hiding it.

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<sup>12</sup> On May 11, 2023, investigators conducted surveillance at the Wheeler condominium. A grey BMW was seen leaving the location with known ZHANG MLO members; Zhenxing Li and Yuchi Xiao. That vehicle was followed to Downey PD where they picked up Yu and Su.

Subsequently, Sai ZHANG closed the passenger door of the Camry, walked to the back of the white Honda Accord, and looked underneath the white Honda Accord as if searching for a tracking device. It appeared that Sai ZHANG did not find the GPS tracker, and he went back inside. He then returned to the white Toyota Camry, got into the driver's seat, and drove off. Surveillance followed and observed Sai ZHANG texting while driving until he ultimately pulled over and was stopped. Sai ZHANG did not give consent to search the white Toyota Camry so a K9 officer with his narcotics-detection dog was called and approached the vehicle. The K9 alerted first to the vehicle and then, when the door was opened, to the center console.

49. TFO Scott Guerrero arrived at the scene and administered Miranda warnings to Sai ZHANG, after which Sai ZHANG began to speak and made the following statements:

a. ZHANG immediately told TFO Guerrero that "I know a lot of rich people and I move a lot of money for rich people, but it's not drug money."

b. ZHANG stated that he has a team of people who he uses to obtain and distribute money and estimated that there were approximately 10 to 20 people with his team, including Mu, Su, He, and ZHAO.

c. ZHANG denied that he and his "team" deposited money in bank accounts, even when confronted with the information that surveillance observed his accomplices depositing large amounts of cash at various bank branch ATM's.

d. When asked about the source of the funds, ZHANG initially denied using drug proceeds and stated that most of the funds he sells come from fraud schemes (known as "pig butchering")<sup>13</sup> that are run by operators in the "golden triangle" area of southeast Asia; however, he later admitted that he had previously dealt in drug proceeds through 2020, but said that it was "scary," because of the consequences from "the Mexicans" if any funds were lost.

e. Further, he elaborated that dealing in drug proceeds was more lucrative in that he could charge more (two percent vs. one percent) for accepting drug proceeds than for dealing in what he referred to as "clean" money, that is, money that did not come from drugs (but may have come from other forms of illegal activity like the "pig butchering" fraud schemes).

f. The funds that were seized from ZHAO on March 23, 2023 were drug proceeds, which he had been told by the person who sold him the money.

g. After the March 23, 2023, seizure, ZHANG gave ZHAO permission to go away because ZHAO was afraid that he would be held responsible for the loss of approximately \$110,000 by the Mexican owners of the money.

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<sup>13</sup> Based upon my training and experience, and my conversations with agents working frauds cases, I know that "pig butchering" fraud schemes are those that are based upon the development of false personal relationships via the internet in various ways (e.g., romance scams), and that rely upon those personal relationships to extract money from the victim over time, sometimes increasing the amounts demanded, and providing excuses for why the earnings on investment are not available to the victim, until the victim finally realizes the investments are illegitimate.

h. ZHANG told TFO Guerrero that he understood that TFO Guerrero and the other investigators were interested in learning the sources of the funds that were coming from Mexico, and that he knew this was because it was from drug trafficking.

i. Finally, ZHANG told TFO Guerrero that he had been intending to "send" one of his "guys" to cooperate with the government and proposed that he could launder money for the government for a fee of 10 percent in exchange for which he would provide information about the individuals he was involved with in buying and selling money.

**F. ZHAO ATTEMPTS TO FLEE THE JURISDICTION**

50. On May 15, 2023, I was informed by HSI SA Henry Blackwell that ZHAO was booked on a flight from John F. Kennedy International Airport in New York to China, flight number MU 588, departing at 4:25 p.m. Eastern Time. Consequently, the warrant sought in connection with this application for a Complaint is critical in order to prevent ZHAO from leaving the United States.

**V. CONCLUSION**

51. For all the reasons described above, there is probable cause to believe that SAI ZHANG, aka "Tommy," and PANYU ZHAO

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have committed violations of Title 18, United States Code  
§ 1960, as described above.

/s/

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Steven Gonzales  
Task Force Agent  
Drug Enforcement  
Administration

Subscribed to and sworn before me  
this 15th day of May, 2023.



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HONORABLE MARIA A. AUDERO  
UNITED STATES MAGISTRATE JUDGE

**TELEPHONIC VERSION:**

Attested to by the applicant in  
accordance with the requirements  
of Fed. R. Crim. P. 4.1 by  
telephone on this 15th day of May,  
2023.



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HONORABLE MARIA A. AUDERO  
UNITED STATES MAGISTRATE JUDGE